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C O N F I D E N T I A L CAIRO 002897

SIPDIS

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SUBJECT: MOD ADVISOR CLAIMS LIMITED EGYPTIAN MILITARY  
INTERESTS IN CHINA

Classified by ECPO Counselor John Desrocher for reasons 1.4  
(b) and (d).

1. (C) On April 13, PolOff asked senior MoD advisor MG Fouad Abd al Haleem about the depth of MoD interests in China. (Note: Defense Minister Tantawi visited China in the fall of 2004, the Chinese Defense Minister just concluded a visit to Egypt, the Egyptian Minister of Military Production is in China this week, and the press reports a possible visit to China by President Mubarak later this year. The MoD is sensitive about questions regarding its relations with third countries, yet MG Fouad had accompanied the MoD delegation to China and is well placed to address potential MoD procurement interests in particular. End note.) MG Fouad responded by citing a "service life extension" program for 30-year-old anti-tank missile systems; Egypt still had these systems in service and sought a cost-effective way to extend their utility. He said the MoD had explored options with China and Russia.

2. (C) Elaborating on his sense of China's military offerings, MG Fouad said that during his visit to China he had seen a large exhibition of defense equipment which included many items similar to arms and munitions produced in Egypt. He said China offered "nothing sophisticated," although it had many systems that would constitute a marginal upgrade from existing stocks in Egypt. He offered the example of the 120mm mortar which Egypt produces, noting that China had an enhancement on offer for about 100,000 USD per unit. Fouad said the marginal enhancement was not worth the price. Adding that the Chinese F-7 aircraft had "limited capability" ("slightly better than the K-8 trainer" or the MIG 21), MG Fouad summed up the China experience by stating that "they do not have what we are looking for." He asked rhetorically why Egypt would take interest in planes with "low maneuverability" when they had F-16's already in the inventory.

3. (C) MG Fouad further noted that Defense Minister Tantawi prefers not to travel internationally and generally makes one trip per year. He had traveled to the U.S. in late 2002, France in 2003, and China in 2004. He said the reciprocal visits with China were "just to keep contact," as was Tantawi's prior visit to France.

4. (C) Regarding the Minister of Military Production's trip to China, MG Fouad said that a large percentage of Egypt's military production lines were dormant, having already produced the requisite number of the systems they were set up to manufacture. Given the fact that Chinese versions of similar weaponry might constitute an upgrade over those produced in Egypt, the Minister was reportedly on a mission to analyze the potential benefits of restarting Egypt's production lines to refit (upgrade) existing Egyptian weapons stocks with Chinese technology. The Minister was essentially "looking for jobs," he stated.

5. (C) Comment: Egypt's potential interests in China undoubtedly go deeper than the analysis suggested by MG Fouad, although we find his presentation credible in terms of describing the primary intent of reciprocal military visits. Mubarak's trip to China may be an opportunity to more fully ascertain the breadth and depth of Egypt's political interests. End comment.

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GRAY